

Features of the Widespread Involvement of Introduction of Information and Communication Technologies in the Tax Administration of Developed Countries

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Abstract:

In this article, the author analyzes in detail features of the widespread involvement of introduction of information and communication technologies in the tax administration of developed countries.

As a result of the analysis, the author made relevant conclusions and recommendations.

Keywords: Types of taxes, tax reform, tax concept, tax administration, tax and mandatory payments, tax system, tax policy, state tax departments, tax rate, single tax payments.

Introduction

One of the main functions of the tax administration is the collection and processing of information. That is, the collection of information on taxpayers' compliance with their tax obligations and the timely payment of taxes and other obligatory payments will be considered in the analysis of this information and control over timely payment of taxes.

The widespread use of information and communication technologies in the tax administration has analyzed ability of taxpayers to pay taxes by using various modern means of communication, electronic filing of tax returns, as well as cameral control of taxpayers and tax audits of taxpayers can be viewed at Widespread use of state information and communication technologies in the tax administration process will increase tax collection efficiency by spending less time and resources by tax authorities, as well as facilitate tax compliance with taxpayers and more transparent tax administration. The most important thing in the use of modern information and communication technologies is that there is a severe limitation of "face-to-face" interaction between the taxpayer and the state tax service. Establishment of the distant relationships between state tax authorities and taxpayers by using modern information and communication technologies will help prevent

the misuse of power by some employees of state tax authorities. It is not accidental that even in the anti-corruption legislation of the Republic of Uzbekistan, the widespread introduction of remote forms of interaction between government agencies and business entities is not one of the measures to prevent corruption in the socio-economic development and entrepreneurship.

It should be noted that in the Republic of Uzbekistan, business entities submit electronic tax reports as electronic documents only through telecommunications, as well as the implementation of the relationship between taxpayers and the state tax service rights and obligations envisaged by the tax legislation. The tax payer's personal cabinet that provides taxpayers is thrown into this area steps.

The Republic of Uzbekistan also recognizes the need for broad usage of modern information and communication technologies to improve tax administration; as one of the problems of imperfect mechanisms of information exchange between state authorities and organizations, forms and methods of electronic tax administration and tax control prevent systemic taxes and other obligatory payments.¹

Also, the Decree of the President of the Republic of Uzbekistan dated July 18, 2017, PF-5116 "On measures to radically improve tax administration, increase tax collection and other compulsory payments" The state of introduction of modern information and communication technologies in the activities of tax authorities, cooperation with interested ministries and agencies in matters of taxation, and the effectiveness of oversight, as well as access to public services. Item 1 of the this Decree provides for wide introduction of modern information and communication technologies and advanced automated analytical methods into tax administration process, complete transition to electronic services to taxpayers, first of all, business entities without direct communication which is one of the most important areas of reform.

The main emphasis in the modernization of the advanced state tax administration system is to ensure the transparency and simplification of the tax administration process through automation of this process and the widespread use of modern information and communication technologies.

For example, given the important role of the PRC in the application of modern information and communication technologies in the tax law, the Chinese law "On the administration of the collection of taxes" provides state tax authorities with modern information and communication technologies. There is a commitment to improve information sharing².

Li Jinyan notes that the computerization of taxpayers' data and their selection for tax inspections in the modernization of the PRC has led to a dramatic reduction in corruption in tax authorities.³

Presently one of the problems of tax administration in our country is the avoidance of tax payments by concealing revenues from the retail and public services sectors. In order to combat this situation, the tax legislation of the country uses such forms of tax control as chronometry, short-term inspections, procurement. The use of online Cash Control machines is one of the important measures to prevent this. The use of online Cash Control machines by retailers and service

¹ Decree of the President of the Republic of Uzbekistan dated June 29, 2018 N UP-5468 "On the Concept of Improving the Tax Policy of the Republic of Uzbekistan"

² Law of the People's Republic of China on the Administration of Tax Collection (Order of the President No.49), April 28, 2001, article, 6

³ Li, Jinyan, "Development and Tax Policy: Case Study of China" (2007). Comparative Research in Law & Political Economy. Research Paper No. 27/2007., page 41

providers allows to accurately calculating revenues and to control the timely and full payment of taxes on these activities can be viewed and monitored by the tax authorities by each taxpayer. The use of online cash registers in the Czech Republic has been supported since 2016, in Belgium and Hungary since 2014, and in Italy in 2017.⁴

The use of these online Cash Control machines allowed in the Republic of South Korea give the chance of being aware of 96.5% of taxpayer transactions, while in 2004 it was 37.7%.⁵ This means that the use of online cash registers will prevent taxpayers from concealing sales and service revenues and remotely control any transactions carried out by taxpayers.

Recognizing the need for online Cash Control machines in our country, as of January 1, 2018, is planned a gradual transition to the use of Cash Control machines⁶.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 150 of February 21, 2019 "On Measures for the Implementation of the Online Cash Control Machine Experimental Project in Tashkent", the project was implemented in Tashkent and it is envisaged to elaborate specific proposals on gradually passing to use Online Cash Control Machine.

There are the following benefits of using Online Cash Control Machine:

- Improvement of tax obligations of taxpayers;
- protection of fair competition;
- a reduction in tax compliance costs;
- Wider protection of consumer rights.

The use of modern information and communication technologies has long been used in the economically developed countries of the world to select taxpayers for tax audits by analyzing the risks of tax violations. This means that RBI (risk based assessment) or RBA (risk based assessment) means performing risk analysis.

It is important to note that in many developed countries, the practice of comprehensive tax audits is abolished, with only those taxpayers at high risk of tax violations being subjected to tax audits and, as a consequence, the effectiveness of tax audits and tax administration. While assigning audits through risk analysis, only those taxpayers who violate or are at risk of violating tax law are covered by audits, and no tax audits are assigned to honest taxpayers. Undoubtedly, the introduction of such a system is a widespread use of information and communication technologies in the activities of the state tax authorities, the availability of an automated information sharing system with other government agencies, banks and the provision of tax reporting by electronic means.

⁴ Implementing Online Cash Registers: Benefits, Considerations and Guidance, OECD, Paris. 2019, www.oecd.org/tax/forum-on-tax-administration/publications-and-products/implementing-online-cash-registersbenefits-considerations-and-guidance.htm

⁵ Implementing Online Cash Registers: Benefits, Considerations and Guidance, OECD, Paris. 2019, www.oecd.org/tax/forum-on-tax-administration/publications-and-products/implementing-online-cash-registersbenefits-considerations-and-guidance.htm, page 20

⁶ Item 2 of the Order of the President of the Republic of Kazakhstan from July 18, 2017 of No. UP-5116 "Improving tax obligations, developing precautions of deducting tax and other obligations from taxpayers"

Risk analysis system implemented in developed countries is based on information provided by tax authorities both internally and externally, as well as an information system that provides risk scores for data processing and auditing programs.⁷

In Ireland, for example, the selection of taxpayers for tax audits is carried out exclusively using the electronic system "Risk Evaluation Analysis⁸ and Profiling REAP", and the selection process for these audits is regulated by a separate regulatory document.

It is also necessary to acknowledge that the appointment of taxpayers for inspections in neighboring countries is carried out using risk analysis. For example, in the Republic of Kyrgyzstan, international organizations are working to select taxpayers for risk analysis based on risk analysis with the financial support of international organizations. The Tax Code also includes rules for the selection of risk analysis audits⁹

The Tax Code of the Republic of Tajikistan also contains separate provisions on the risk management system, which provide for the selection of taxpayers on the basis of risk assessment of tax law violations.¹⁰ Of course, this news from our neighbors still needs improvement, but it is important to keep in mind that there is a breakthrough in this area.

The content of RBI (risk based inspection) is to analyze and analyze all taxpayers' data and to identify the risk of tax evasion or tax evasion.

In general, this method is not a good idea for our legislation. For example, the customs legislation includes the application of this system, which stipulates that the customs authorities analyze the risks of violating the customs law on goods, vehicles, documents and persons to be inspected under the customs control.

The elements of the risk analysis system in tax relations are defined in the current legislation. In accordance with the Decree of the President of the Republic of Uzbekistan dated October 5, 2005 PF-3665, controlling bodies were instructed to develop justified principles for the formation of annual and quarterly coordinating plan-graphs for inspections of business entities and to form schedules based on these principles. For the implementation of this Decree, all regulatory bodies, including the State Tax Service, have developed well-grounded principles for drawing up plans and schedules. These principles are the primary element of a risk analysis system. However, these principles need to be improved.

For this purpose, it is advisable to study the effectiveness of scheduled tax audits and to review the financial and economic activities of taxpayers only through RBI. If this is the case, it is important to consider refusing to conduct a systematic audit of taxpayers. Because in developed countries, such as Ireland, mentioned above, there are no scheduled inspections. Only upon the analysis of the data available to tax authorities and the data received from third parties, a tax audit will be assigned to a taxpayer who is at high risk for tax violations and tax evasion.

First and foremost, this system will allow conducting audits of the taxpayer's activities that have the highest risk of tax law violations. The introduction of RBI will prevent tax audits from

⁷ Risk-based tax audits : approaches and country experiences / Munawer Sultan Khwaja, Rajul Awasthi, and Jan Loeprick, editors, 2011, page 20.

⁸ "Code of Practice for Revenue Audit and other Compliance Interventions", <https://www.revenue.ie/en/search.aspx?q=REAP>

⁹ Article 101 of the Tax Code of the Republic of Kyrgyzstan

¹⁰ Chapter 6 of the Tax Code of the Republic of Tajikistan

targeting taxpayers who are in breach of or are in danger of tax violations and, in turn, avoid unnecessary tax audits of a fair taxpayer. Selection of taxpayers for tax audits is unlikely to be done through RBI, and total tax audits. As a result, tax administration costs are reduced and tax inspections are more efficient.

One of the most widely used tools in tax administration in various countries is the use of electronic information and communication technologies by taxpayers.

The use of modern information and communication technologies to pay taxes and other mandatory payments will prevent taxpayers from spending time with tax authorities or the bank to make those payments. Even payment by check will result in an increase in the taxpayer's tax compliance costs, and the payment of taxes through electronic means will result in increased efficiency.¹¹

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